

**Testimony of IPR-GDF SUEZ North America on  
S.B. No. 1079 An Act Concerning Operations of Public Service Companies**

IPR-GDF SUEZ North America is the owner of FirstLight Power Resources, Inc. (FirstLight), which owns or operates approximately 1,500 MWs of generating capacity in New England. Its New England generation fleet consists mostly of hydro-electric facilities and it is the largest owner of hydro-electric generation in Connecticut. IPR-GDF SUEZ North America would like to offer testimony in opposition to S.B. No. 1079 An Act Concerning Operations of Public Service Companies, specifically Section 2, which would allow Connecticut's electric distribution company to construct, purchase, own or operate a renewable energy generation source facility.

As a significant owner not only of hydro-electric generation, but other forms of renewables such as wind and biomass, our company certainly appreciates the value of clean energy sources. However, we feel that there are more efficient and beneficial approaches to develop renewable energy in Connecticut rather than simply allowing utilities to build plants and operate them in a cost-of-service regime.

Owning and operating power plants is very capital intensive and carries substantial financial risk. If the State deems that additional renewable generation resources ought to be developed, such facilities should be awarded through a competitively bid process, where all bidders are competing under the same rules. In fact, the Department of Public Utility Control already successfully conducted two such Requests for Proposal (RFP), the first in 2006 in accordance with Section 12 of Public Act 05-01, An Act Concerning Energy Independence, and the second in 2008 in accordance with Section 52 of Public Act 07-242, An Act Concerning Electricity and Energy Efficiency.

Under S.B. 1079 the State would inexplicably abandon this proven model and simply provide the electric distribution companies the exclusive ability to construct and operate renewable generation facilities and recover their costs in a nonbypassable charge on Connecticut residents' and businesses' energy bills.

It is unclear what positive advantage cost-of service utility ownership of renewable generation would provide for the state and its ratepayers. Prior to deregulation in the late nineties, ratepayers were forced to absorb any cost overruns associated with utility ownership of generation. In the restructured system, private companies must compete against each other and any cost overruns or poor performance are theirs to bear.

It would certainly benefit ratepayers if those entities, whether they be private companies or the utilities, that demonstrate their ability to most cost-effectively construct and operate renewable generation were the ones selected to do so. It is only through fair and open competition that companies are properly incentivized to construct and operate generation facilities at the lowest possible cost.

Once again, IPR-GDF SUEZ North America urges the Committee to reject S.B. 1079 so that generation resource procurement in the State remains open to all entities on a level playing field.

Thank you.

Submitted by:

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